

Napoleon's return from Elba in March, 1815. France was obliged, after Waterloo, to issue 500,000,000 francs of public obligations to pay the war contributions imposed upon her. The price of securities fell so disastrously that the Minister of Finance came to the rescue of the market and loaned freely to the speculators, in order to maintain prices. The result was to bring the securities raining upon the Paris market and to increase the exportation of bullion. ¹The metallic reserve of the Bank of France fell from 117,-000,000 francs on July 1, 1818, to 37,000,000 francs on October 20th. The bank shortened the term of commercial discounts to forty-five days and in 1819 was flooded again with idle capital.

The Crisis of 1825.

The next great crisis which, shook the commercial world attained its height in England at the end of the year 1825. The metallic reserve of the Bank of England steadily increased from 1820 until 1823, when it stood at £14,100,000, while the circulation was reduced until it stood at about £16,300,000. The Bank was required by the Act of 1819 to retire its £5 notes by redeeming them in gold within four years. This demand for gold, comparatively trifling in itself, was accompanied by a foreign drain due to the immense loans contracted by the governments of Europe and Latin America and the fever of speculation in domestic and American companies which developed in England. This speculative mania was attributed by Mr. J. H. Palmer, the Governor of the Bank of England, to the reduction of the interest on government securities. He said to the Parliamentary committee of inquiry into the causes of the crisis :

The first movement in that respect was, I think, upon £135,000,000 of five per cents., which took place in 1823. In the subsequent year, 1824, followed the reduction of £80,000,000 of four per cents. I have always considered that reduction of interests, one-fifth in one case, and one-eighth in the other, to have created the feverish feeling

¹ Raffalovich, *Marché Financier en 1891*, 9.